Remarks

This Amendment is in response to the Office Action dated **November 25, 2005.**

An interview was conducted with the Examiner on January 20, 2006 regarding the patentability of claims 37 and 75, particularly with respect to the primary reference, Texier (U.S. Patent No. 6,881,450), along with the secondary references Korpman et al., Tanuma et al., Czaplicki et al., Charley and Marshall et al., cited with respect to claim 37. An agreement regarding the patentability of these claims could not be reached.

The Examiner previously found the declaration of Scott Morling, submitted 1/6/2005 under 35 U.S.C. §1.132 illustrating the commercial success of the product, to be not persuasive because, it was asserted, the sales increase shown may not have been attributable to the claimed invention, and therefore there is an insufficient nexus between the statements in the declaration and the claimed invention.

Applicants are including herewith new declarations under 35 U.S.C. §1.132 to overcome the Examiner's objections to Applicants' previously submitted declarations. The new declarations, submitted by Mr. Randall Boudouris, CEO of MagnetNotes, Inc. and Mr. Mike Nelson, Director of Sales and Marketing, Glatfelter Paper, show a clear nexus between the claimed invention and the commercial success of the products produced thereby. For example, the process as claimed was not previously available, offers significant advantages, and the sales increase of the product is not due to advertising as the advertising for the product is below that which is average for a product launch in that particular industry.

Rejections under 35 U.S.C. 103(a)

Applicants disagree with the examiner's rejection of the instant claims under 35 U.S.C. §103(a) and submit that (A) the examiner has failed to establish a prima facie case of obviousness with respect to the claims, and (B) in the alternative, even if a prima facie case of obviousness has been established, Applicants are submitting objective evidence of nonobviousness which rebuts a prima facie case of obviousness.

A. The examiner has failed to establish a prima facie case of obviousness with respect to claims 1, 4-7, 13, 31-34, 36, 75, 79-85.

1. <u>Rejection of claims 1, 4-7, 13, 31, 36, 75, 79 and 80-85 in paragraph No. 3 of the Office Action</u>

In paragraph no. 3 of the Office Action, the examiner rejected claims 1, 4-7, 13, 31, 36, 75, 79 and 80-85 under 35 U.S.C. 103(a) as obvious over Texier (WO 00/01776 with English Equivalent US 6,881,450) in view of the coating art as a whole as exemplified by Korpman et al. (US Patent No. 4,388,349) particularly in view of Tanuma et al. (US Patent No. 4,996,110) and/or Czaplicki et al. (US Patent No. 5,985,435).

Applicants disagree and traverse the rejection.

Applicants submit that claim 1 of the present application is directed to a process of forming a magnetic assembly, whereby a magnetic hot melt composition having about 75 wt-% to about 95 wt-% of at least one magnetic material and about 5 wt-% to about 25 wt-% of at least one thermoplastic polymer is provided with an extruder and is directly applied with a slot die head to a substrate including paper, paper products or pasteboard at an elevated temperature.

a. **Texier, U.S. Patent No. 6,881,450**

The Examiner is misconstruing Texier, the primary reference.

(i) The maximum amount of electromagnetic filler suggested by Texier is not more than 75% as asserted by the Examiner.

In rejecting the claims of the present application, the examiner, in paragraph 3 (bottom of page 2 to top of page 3 of the Office Action) states that with respect to the compositions disclosed by Texier, the composition comprises "75% to 95% of a magnetic material" (col. 3, lines 24-29).

This is incorrect.

At col. 3, lines 24-29, Texier actually states the following:

> Advantageously, the amount of electromagnetic filler that is used is the maximum that can be accepted by the binder, for example six units by weight of ferromagnetic powder for two units by weight of binder. For examples 200 grams (g) to 850 g of iron oxide can be deposited per square meter (m^2) of card, e.g. 800 g/m^2.

The examiner has interpreted the statement recited above, "the maximum amount that can be accepted by the binder, for example six units by weight of ferromagnetic powder for two units by weight of binder", i.e. 75% by weight ferromagnetic powder, as being more than 75%.

Applicants disagree.

Applicants submit that the maximum amount of ferromagnetic powder suggested by Texier, is 75%, and cannot be interpreted by the Examiner to be more than 75%. Texier fails to suggest anywhere in the specification, that higher levels of ferromagnetic material than 75% be used.

Applicants are enclosing herewith a declaration by Mr. Tom Quinn, considered one of skill in the art, in support of their position. Mr. Quinn has reviewed U.S. Patent No. 6,881,450 to Texier and has concluded that Texier teaches a maximum of 75% ferromagnetic powder loading, and no more (see paragraph 14 of concurrently filed declaration of Mr. Quinn).

Mr. Quinn is also an independent, uninterested party (see paragraph no. 6 of Mr. Tom Quinn's declaration).

As evidence that Texier fails to disclose anymore than 75%, Applicants had previously submitted with the Preliminary Amendment and RCE dated 9/6/05, a declaration of Mr. Randall Boudouris illustrating that compositions such as those recited in claim 1 having high ferrite loadings, particularly those having 75%, 80% and 85%, for example, could not be applied using a Nordson 3960 Multiscan® due to the very high viscosities.

As illustrated in Mr. Randall Boudouris' declaration of 9/6/2005 and by the exhibits attached thereto, the Nordson 3960 Multiscan® uses a ¾ hp DC gear pump (see exhibit A of Mr. Boudouris' declaration) and is suggested for use with compositions having a maximum viscosity of 30,000 cPs (also exhibit A of the declaration).

As illustrated by testing conducted by Dr. Victor Tan of the Polymer Characterization Lab, an independent testing company (the report attached to Mr. Boudouris' declaration dated 9/6/2005), electromagnetic/binder compositions, such as those recited in claim 1 of the present application, namely those compositions having ferrite loadings of 75%, 80% and 85% by weight, have viscosities which are much higher than 30,000 cPs, particularly those compositions having 80% and 85%.

The only composition tested by Dr. Tan which was actually suitable for application using a Nordson 3960 Multiscan® was one having 100% ethylene vinyl acetate copolymer, i.e. with no ferromagnetic material.

In the Office Action, the Examiner, on pages 9-10, paragraph 8, found the declaration of Mr. Boudouris made under 37 C.F.R. §1.132, to be insufficient to overcome the rejections of the claims. In finding so, the Examiner stated the following:

> The declaration asserts that the Nordson machine disclosed by Texier for coating the composition can not handle compositions as claimed and that particle levels higher than 75% would not have been expected by a person of ordinary skill in the art to be operable with the disclosed equipment. As discussed above, Texier discloses using conventional coating devices. It is well known to coat highly viscous hot melt adhesives to paper substrates with an extruder and slot die as exemplified by Korpman. Texier discloses that the maximum filler is used in the binder. It would have been obvious to one of ordinary skill in the art at the time of the invention to provide filler amounts greater than 75% in the composition as disclosed by Texier in order to provide the maximum amount as is capable with extruders as exemplified by Tanuma and/or Czaplicki and/or Marshall.
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> Office Action 11/25/05, pages 9-10, par no. 8

However, with respect to the conventional equipment suggested by Texier, there are some limitations set forth:

> For elements that are to be made ferromagnetic without remanent magnetization, it is possible to use coating devices of conventional type with a surface covering being caused to adhere on one or more faces of the medium, which is typically made of card.
>
> Col. 3, lines 65-67 to col. 4, lines 1-2.

This suggests that it is not possible to use conventional coating devices when magnetization of the compositions is included in the process.

The only example provided by Texier for the process disclosed therein includes the use of only either nozzle type machine or roller type machine in combination with a Nordson

3960 Multiscan® which employs a DC gear pump for application of the compositions disclosed therein, and this process includes magnetization:

> The machine 11 can be a nozzle type machine or advantageously a roller type machine, for example a machine including a ***3960 Multiscan® sold by Nordson*** and connected via 2.40 meter long automatic heating hoses to automatic guns sold by the same company under the reference H20. The fluid coating (hot when a hot-melt adhesive is used) is inserted, for example, between two rollers and flows through a calibrated gap left between the rollers....Advantageously, before the adhesive sets, while the particles can still move in the coating of the present invention, the coated card passes through the airgap of a magnet or an electromagnet 15 that generates a magnetic filed that is substantially uniform over the entire width of the card.
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> Col. 4, lines 34-51

These statements by Texier, when taken together, suggest that the nozzle type machine or roller type machine with the 3960 Multiscan®, are not in fact conventional, and that furthermore conventional equipment would NOT be employed when including a magnetization step in such a process.

Therefore, if the Examiner's assertion regarding the suggestion by Texier to use conventional equipment is correct, the conventional equipment would only be employed where there is no magnetization of the compositions.

Thus, if an extruder/slot die were to be considered conventional, one of skill in the art would not select them for making magnetic assemblies because Texier suggests conventional equipment cannot be employed for making permanent magnets.

Therefore, the maximum amount of electromagnetic powder suggested by Texier is 75%.

(ii) Texier does not suggest an extruder or a slot die head for use in applying the electromagnetic/binder compositions disclosed therein.

As recited at col. 4, lines 34-39 (reproduced above), Texier suggests "a nozzle type machine or advantageously a roller type machine, for example, a machine including a 3960 Multiscan®....."

These are the only application methods suggested by Texier.

The Examiner asserts in paragraph no. 3 of the Office Action, that:

> As to the limitation that the hot melt composition is applied to the substrate with an extruder and a slot die head, such is considered a conventional coating method in the art. Texier discloses that the coating devices of the conventional type including nozzles and rollers are used to coat the hot melt composition to the substrate.
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> Page 3, paragraph 3 of the Office Action

Applicants disagree.

Texier fails to disclose or otherwise suggest that the filler/binder composition disclosed therein can be applied using an extruder/slot die combination.

Mr. Quinn's declaration is also being submitted herewith in support of this. Mr. Quinn reviewed Texier, and found no suggestion from studying Texier, to employ and extruder and a slot die head. Mr. Quinn further discussed the application methods which are disclosed, i.e. a nozzle or a roller type machine, coupled with the Nordson 3960 Multiscan®, and their connection to one another. The 3960 Multiscan® pumps the composition to the nozzle or roller type machine.

In paragraph 10 of Mr. Quinn's declaration, he further states that nozzles or rollers are not equivalent to a slot die head, and a 3960® Multiscan with a ¾ DC gear pump, is not equivalent to an extruder, nor does the use of a nozzle or roller type machine with a 3960

Multiscan® suggest to someone of skill to employ an extruder with a slot die head.

Applicants submit that the Examiner is reading, first into the reference, a teaching of a maximum amount of electromagnetic powder higher than suggested, and then, when applicants' submitted evidence in the form of a declaration illustrating that such application equipment as suggested by Texier, is inappropriate for use with higher levels of electromagnetic powder loadings, that Texier also discloses an extruder with a slot die.

Furthermore, as discussed above, if an extruder/slot die is conventional as suggested by the Examiner, then Texier actually teaches away from using such equipment when making magnetic assemblies. See col. 3, lines 65-67 and col. 4, lines 1-2 of Texier, followed by the example disclosed at col. 4, lines 33-51.

Applicants submit that the Examiner is employing hindsight reconstruction, using Applicants' own invention, in arriving at the conclusion that Texier discloses or suggests more than they do. The Examiner is using Applicants' success to illustrate that success would have been expected. This is not permissible. See for example *Life Technologies Inc. v. Clontech Laboratories Inc.*, 56 USPQ2d 1186, 1191 (Fed. Cir. 2000).

The courts have warned that the risk of hindsight reconstruction in finding an invention obvious is particularly an issue when the invention involves relatively simple technology. See *Ruiz v. A.B. Chance Co.*, 69 USPQ2d 1686, 1690 (Fed. Cir. 2004)(referring to *McGinley v. Franklin Sports, Inc.*, 262 F.3d 1339, 1351 [60 USPQ2d 1001] (Fed. Cir. 2001).

Applicants submit that the fact that the Nordson 3960® Multiscan is not suitable for higher loading levels of ferrite, coupled with the fact that Texier suggests a maximum of 75%, strengthens the argument that Texier does in fact, lack a suggestion to instead employ an extruder/slot die coater for application of the compositions disclosed therein.

Furthermore, based on Texier's suggestion that conventional equipment can only be used when one is not magnetizing a composition, and therefore suggests that in fact, conventional equipment cannot be employed when including a magnetization step, and further that the Examiner classifies extruder/slot die coating as conventional equipment, one would certainly not find it obvious to employ such equipment when making a magnetic assembly as disclosed and claimed in the present application.

b. **Korpman, U.S. Patent No. 4,388,349**

In the rejection of paragraph no. 3 of the Office Action, the examiner then applied Korpman et al. as a secondary reference as "an example in the art of a conventional coating device which shows it is known in the art to coat hot melt compositions...with an extruder and a slot die head (column 3, lines 48-68; column 5, line 1)."

Applicants submit that Korpman et al. disclose "[a] process of extrusion coating which is particularly useful in the manufacture of ***viscous pressure-sensitive adhesive*** sheets and tapes is described." Abstract.

However, the compositions disclosed by Korpman et al. are ***traditional hot melt pressure sensitive adhesive compositions which include an elastomer*** (col. 5, lines 19-68 and col. 5, lines 1-50), ***and a tackifying resin*** (col. 6, lines 51-66), but not high loadings of magnetic material. No where do Korpman et al. suggest application of magnetic compositions of the type having extremely high levels of magnetic material, as recited in claim 1 of the present application. Applicants submit that one of ordinary skill in the art would have no motivation to combine Korpman et al. with Texier due to this very fact.

Applicants submit that in making this combination, the only way in which it would be done, is by applying impermissible hindsight by using Applicants' own invention. There is a vast amount of case law on this issue:

> "The factual inquiry whether to combine references must be thorough and searching." Id. It must be based on objective evidence of record. This precedent has been reinforced in myriad decisions, and cannot be dispensed with. See, e.g., *Brown & Williamson Tobacco Corp. v. Philip Morris Inc.*, 229 F.3d 1120, 1124-25, 56 USPQ2d 1456, 1459 (Fed. Cir. 2000) ("a showing of a suggestion, teaching, or motivation to combine the prior art references is an 'essential component of an obviousness holding'") (quoting *C.R. Bard, Inc., v. M3 Systems, Inc.*, 157 F.3d 1340, 1352, 48 USPQ2d 1225, 1232(Fed. Cir. 1998)); *In re Dembiczak*, 175 F.3d 994, 999, 50 USPQ2d 1614, 1617(Fed. Cir. 1999) ("Our case law makes clear that the best defense against the subtle but powerful attraction of a hindsight-based obviousness analysis is rigorous application of the requirement for a showing of the teaching or motivation to combine prior art references."); *In re Dance*, 160 F.3d 1339, 1343, 48 USPQ2d 1635, 1637(Fed. Cir. 1998) (there must be some motivation, suggestion, or teaching of the desirability of making the specific combination that was made by the applicant); *In re Fine*, 837 F.2d 1071, 1075, 5 USPQ2d 1596, 1600(Fed. Cir. 1988) ("'teachings of references can be combined only if there is some suggestion or incentive to do so.'") (emphasis in original) (quoting *ACS Hosp. Sys., Inc. v. Montefiore Hosp.*, 732 F.2d 1572, 1577, 221 USPQ 929, 933(Fed. Cir. 1984)).
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> *In re Lee*, 61 USPQ2d 1430, 1433 (Fed. Cir. 2002).

There is no suggestion by Texier, that the nozzles or rollers suggested therein be replaced by a slot die, and there is no suggestion by Texier to replace the Nordson 3960 Multiscan® DC gear pump applicator, with an extruder. The examiner is simply reading such a suggestion into the reference using Applicants' own invention.

Furthermore, there is no suggestion by Korpman et al., who teaches conventional pressure sensitive hot melt adhesives which are an elastomer/tackifier blend, that compositions as recited in claim 1, could be applied using their method.

Thus, there is no motivation to combine these references, and it is only by using impermissible hindsight reconstruction, that these references would be combined.

c. **Tanuma et al., U.S. Patent No. 4.996,110 and/or Czaplicki et al., U.S. Patent No. 5,985,435**

The examiner then applies Tanuma et al. and/or Czaplicki et al. before discussing either of these references in detail, Applicants would like to point out that heretofore, the state of the art for magnet making included first ***molding the magnet,*** and then applying the magnet in ***a separate and subsequent process,*** to a substrate. Both Tanuma et al. and Czaplicki et al. (which will also be discussed in detail below) fall within this category. As these are just the type processes which Applicants' wished to avoid because such processes are step-intensive and inefficient, there would be no motivation for Applicants to combine these references with Texier.

The examiner asserts with respect to Tanuma et al., that "Tanuma discloses an example of how it is known in the art to extrude magnetic binder compositions with high percentages of magnetic material and bond the composition to a substrate directly (column 5, lines 38-44)."

Applicants submit that the Examiner's interpretation of Tanuma et al. is only partially accurate. Applicants disagree with the Examiner's use of the term "extrude" and "bond the composition to a substrate directly" as being comparable to that of Applicants' method because it is not. The magnetic pressure sensitive adhesive sheet-like magnet described by Tanuma et al. (see Detailed Description, third paragraph) is actually ***molded*** prior to use, i.e. prior to application of the sheet-like magnet to the hard coat treated polyester film which constitutes the front surface of the white board disclosed therein. Application of the sheet-like

magnet actually occurs at a later date. Molding may be accomplished by extrusion molding or press using a calender method of T-die method into a specific thickness (col. 5, lines 38-44). However, molding is not equivalent to a coating process wherein a magnetic layer is applied at an elevated temperature to a substrate in one unitary process as disclosed and claimed by Applicants.

Tanuma et al. do refer to directly bonding the sheet-like pressure sensitive magnetic composition to the rear surface of the opposite layer (col. 5, lines 38-44). However, by this, as opposed to what the examiner is implying, Tanuma et al. is not referring to direct application of the sheet-like pressure sensitive magnetic composition to a substrate at an elevated temperature in a single process because the sheet-like magnets are formed prior to the application step in a molding process. Rather, by "direct application", Tanuma et al. are referring to the use of a ***pressure sensitive adhesive as a means of omitting the use of an adhesive layer in between the sheet-like magnet and the rear surface of the opposite layer.*** See column 5, lines 59-61. See also the examples which all describe molding of the magnetic pressure sensitive sheet-like magnet prior to use. This is very different from the "direct application" of the magnetic layer to the substrate at an elevated temperature, as recited in claim 1.

As is known in the adhesive art, pressure sensitive adhesives are used at ambient temperatures to stick to a substrate with pressure only.

Such a step-intensive process as that disclosed by Tanuma et al. is exactly the type of process which Applicants' chose to avoid, i.e., the process disclosed by Tanuma et al. fails to suggest direct application of the magnetic layer to a substrate in a single coating process and Tanuma et al.'s process is highly inefficient from a manufacturing standpoint. Consequently, Applicants would have no motivation to employ such a reference in arriving at their invention.

The examiner further employs Czaplicki stating that "Czaplicki discloses another example in the art that shows it is known to extrude magnetic compositions of hot melt adhesives with high percentages of magnetic material."

Applicants submit that Czaplicki et al. disclose "....a reinforced magnetic hot patch for use in sealing an opening in a motor vehicle body or other structure. The reinforced magnetic patch has a rigid plastic or metal backing which is adhesively bonded to a magnetized hot melt adhesive body."

Czaplicki et al. disclose preparing the adhesive disclosed therein by using conventional batch processing techniques which include adding the raw materials to a mixer and mixed until fully blended. A planar strip or tape is then preferably formed by extruding the adhesive into the form of a sheet which may then be die cut to a specific shape. See column 5, lines 53-60. Czaplicki et al. then fabricate their assembly by using a planar metal blank which is adhesively bonded to planar magnetic adhesive strip to form a preform. The strip is placed on the blank and then heated to about 80 C to about 100 C for about 15 seconds to 2 minutes to form a laminate structure. See column 6, lines 4-12.

Czaplicki et al. fail to disclose direct extrusion of the magnetic material to a substrate. The fact that it can be extruded does not imply that it can be directly applied to a substrate and get sufficient adhesive properties.

Again, Czaplicki et al. disclose a step-intensive process of forming their assembly which is exactly the type of manufacturing process which can be avoided by employing the present invention, and fail to suggest direct application of the magnetic layer to a substrate at an elevated temperature in a single coating process, and such a process as disclosed by Czaplicki et al. is highly inefficient from a manufacturing standpoint. Consequently, Applicants would have

no motivation to combine such a reference with Texier in arriving at their invention.

Furthermore, even if there was a motivation to combine, none of the references which actually disclose magnets, i.e. Texier, Tanuma et al. or Czaplicki et al. suggest the use of a slot die with an extruder for directly coating a magnetic layer onto a substrate which is paper, paper products or paste board in a single coating process as described and claimed by the present invention.

Korpman et al. fails to even disclose magnets, but rather disclose conventional hot melt pressure sensitive adhesive compositions, and therefore, this reference has no place in the combination.

It is only with impermissible hindsight reconstruction, using Applicants' own invention, that this combination is made.

2. **Rejection of Claims 1, 4-7, 13, 31, 36, 75, 79 and 80-85 in Paragraph No. 4 of the Office Action**

In paragraph no. 4 of the Office Action, the examiner rejected claims 1, 4-7, 13, 31, 36, 75, 79 and 80-85 under 35 U.S.C. 103(a) as obvious over Texier (WO 00/01776 with English Equivalent US 6,881,450) in view of the coating art as a whole as exemplified by Korpman et al. (US Patent No. 4,388,349) particularly in view of Tanuma et al. (US Patent No. 4,996,110) and/or Czaplicki et al. (US Patent No. 5,985,435), and further in view of Marshall et al. (US Patent No. 5,503,891).

Applicants disagree and traverse the rejection.

The rejection of claims 1, 4-7, 13, 31, 36, 75, 79 and 80-85 under 35 U.S.C. §103(a) based on the combination of Texier, Korpman et al., Tanuma et al. and/or Czaplicki et al. has been addressed above.

The examiner then further combines Marshall et al. (U.S. Patent No. 5,503,891) with Texier, Korpman et al., Tanuma et al. and Czaplicki et al., in rejecting these same claims. The Examiner employs Marshall et al. as an example of how it is known in the art to provide at least up to 96% magnetic particles in magnetic compositions in order to provide a stronger magnetic force.

Applicants submit that this is wrong. Marshall et al. discloses a ***display mat*** for receiving magnetic display symbols, wherein said display mat is flexible and magnet attractant (Abstract). Marshall does not disclose a magnet.

The display mat disclosed by Marshall et al. has a display surface 12 and a magnet attractant substrate 14 and is made by making the display surface 12 (formed of an extrusion laminate or semi-rigid plastics, such as polyvinylchloride; col. 2, lines 40-42), making the magnet attractant substrate 12 (col. 2, lines 12-39), and then attaching the display surface over the substrate as an overlay and securing it thereon by adhesive. "One method of adhering the display surface on to the substrate is to mechanically laminate it using a 50 micron dry mount acid-free adhesive film." See col. 2, lines 50-55.

Like Tanuma et al. and Czaplicki et al., this is a step-intensive, inefficient process which was the state of the art wherein the magnet attractant surface is formed in a separate process from the display surface, and are then adhered together in yet another separate step. This is again the type of process Applicants invention was designed to avoid. See Background of the Invention.

Furthermore, Marshall et al. does not even disclose a magnet, but rather a magnet attractant.

Consequently, for at least these reasons, there is again a lack of motivation on the part of Applicants' to combine this reference with Texier, and it is only with hindsight reconstruction that one would do so.

3. **Rejection of Claims 31 and 32 in Paragraph No. 5 of the Office Action**

In paragraph no.5 of the Office Action, the Examiner rejected claims 31 and 32 under 35 U.S.C. 103(a) as obvious over Texier (WO 00/01776 with English Equivalent US 6,881,450) in view of the coating art as a whole as exemplified by Korpman et al. (US Patent No. 4,388,349) particularly in view of Tanuma et al. (US Patent No. 4,996,110) and/or Czaplicki et al. (US Patent No. 5,985,435), and optionally further in view of Marshall et al. (US Patent No. 5,503,891) as applied to claim 1 above and further in view of Bielek et al. (US Patent No. 6,387,485) and/or Silverschotz et al. (US Patent No. 5,869,148).

Applicants disagree and traverse the rejection.

Claims 31 and 32 depend from claim 1.

Claim 1 is patentable with respect to the combination of Texier, Korpman et al., Tanuma et al. and/or Czaplicki et al., and optionally further in view of Marshall et al., as discussed above.

Texier fails to suggest the invention of claim 1 because they suggest a maximum of 75% filler, and fail to suggest the use of an extruder/slot die head as discussed above.

There is no motivation to combine Korpman et al., Tanuma et al. and/or Czaplicki et al., and Marshall et al. except with the use of impermissible hindsight reconstruction, using Applicants' own invention.

The Examiner employs Bielek et al. and Silverschotz et al. to show that "[i]t is considered well known in the art of forming magnetic assemblies to provide treatment layers to the printable substrates in order to protect the substrate and to provide release layers to the magnetic assemblies in order to apply the assemblies to additional articles with adhesive."

However, these features have no impact on the patentability of claim 1 when taken in combination with the references discussed above. Because the combination of Texier, Korpman et al., Tanuma et al., Czaplicki et al. and Marshall et al. fails to render claim 1 obvious, further combining Bielek et al. and Silverschotz et al. as discussed in the paragraph above, fails to render claim 1 obvious.

Furthermore, Bielek et al. and Silverschotz et al. were previously employed by the Examiner as primary references. The rejection of claim 1 based on these references was withdrawn based on amendments and/or arguments previously made to claim 1.

Claims 31 and 32, which depend from claim 1 and thus further limit claim 1, claims 31 and 32 are patentable for at least the reasons that claim 1 is patentable.

4. **Rejection of Claims 31, 32, 33, 34, 36 and 37 in Paragraph No. 6 of the Office Action**

In paragraph no. 6 of the Office Action, the examiner rejected claims 31, 32, 33, 34, 36 and 37 under 35 U.S.C. 103(a) as obvious over Texier (WO 00/01776 with English Equivalent US 6,881,450) in view of the coating art as a whole as exemplified by Korpman et al.

(US Patent No. 4,388,349) particularly in view of Tanuma et al. (US Patent No. 4,996,110) and/or Czaplicki et al. (US Patent No. 5,985,435), and optionally further in view of Marshall et al. (US Patent No. 5,503,891) [optionally further in view of Bielek et al. (US Patent No. 6,387,485) and/or Silverschotz et al. (US Patent No. 5,869,148), as applied to claims 1 and 31 above, and further in view of Charley.

Applicants disagree and traverse the rejection.

Claims 31, 32, 33, 34, 36 and 37 depend from claim 1.

Claim 1 is patentable with respect to the combination of Texier, Korpman et al., Tanuma et al. and/or Czaplicki et al., and optionally further in view of Marshall et al., optionally further in view of Bielek et al. and/or Silverschotz et al. for the reasons discussed above.

Texier fails to suggest the invention of claim 1 because they suggest a maximum of 75% filler, and fail to suggest the use of an extruder/slot die head as discussed above.

There is no motivation to combine Korpman et al., Tanuma et al. and/or Czaplicki et al., and Marshall et al. except with the use of impermissible hindsight reconstruction, using Applicants' own invention.

The features discussed by the Examiner with respect to Bielek et al. and/or Silverschotz et al., have no impact on the patentability of claim 1.

The Examiner then combines Charley (US Patent No. 6,153,279) with Texier, Korpman et al., Tanuma et al., Czaplicki et al. and Marshall et al., Bielek et al. and/or Silverschotz et al. in rejecting claims 31, 32, 33, 34, 36 and 37 under 35 U.S.C. §103(a).

The Examiner employs Charley to show that "...it is known in the art to form magnetic assemblies with release layers where the assembly is adhered to an article with the use of an adhesive in order to provide such known novelty items to known articles such as boxes."

Texier fails to suggest the invention of claim 1 as discussed above. There is no motivation to combine Korpman et al., Tanuma et al. and/or Czaplicki et al., and Marshall et al. with Texier but by using impermissible hindsight reconstruction, using Applicants' own invention.

The features of Bielek et al. and Silverschotz et al., i.e., providing treatment layers or release liners, do not combine with Texier or the other references to render claim 1 obvious.

Claims 31, 32, 33, 34, 36 and 37 depend from claim 1 and are patentable for at least the reasons that claim 1 is patentable over the combination.

Furthermore, Applicants submit that this is an inordinate amount of references employed to find an invention obvious. Applicants submit that the Examiner is picking and choosing among many isolated disclosures in order to find the present invention obvious. Applicants submit that in doing so, the Examiner must use impermissible hindsight which is not allowed by the courts. "One cannot use hindsight reconstruction to pick and choose among isolated disclosures in the prior art to deprecate the claimed invention." *In re Fine*, 5 USPQ2d 1596, 1600 [837 F.2d 1071, 1075] (Fed. Cir. 1988).

> To reach a proper conclusion under §103, the decisionmaker must step backward in time and into the shoes worn by [a person having ordinary skill in the art] when the invention was unknown and just before it was made. In light of all the evidence, the decisionmaker must then determine whether . . . the claimed invention as a whole would have been obvious at that time to that person. 35 U.S.C. §103. The answer to that question partakes more of the nature of law than of fact, for it is an ultimate conclusion based on a foundation formed of all the probative facts. *Panduit Corp. v. Dennison Mfg. Co .*, 810 F.2d 1561, 1566, 1 USPQ2d 1593, 1595-96 (Fed. Cir. 1987).
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> *In Re Fine*, 5 USPQ2d at 1598.

For at least these reasons, Applicants submit that a prima facie showing of obviousness has not been made.

B. Even if a prima facie showing of obviousness has been made, Applicants have objective evidence of nonobviousness submitted concurrently herewith which rebuts a prima facie showing of obviousness with respect to claims 1, 4-7, 13, 31, 36, 75, 79 and 80-81.

It has long been recognized that secondary considerations are relevant to the determination of obviousness or nonobviousness.

> This objective evidence of nonobviousness includes copying, long felt but unsolved need, failure of others, see *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 [148 USPQ 459, 467] (1966), commercial success, see *In re Huang*, 100 F.3d 135, 139-40, 40 USPQ2d 1685, 1689-90 (Fed. Cir. 1996), unexpected results created by the claimed invention, unexpected properties of the claimed invention, see *In re Mayne*, 104 F.3d 1339, 1342, 41 USPQ2d 1451, 1454 (Fed. Cir. 1997); *In re Woodruff*, 919 F.2d 1575, 1578, 16 USPQ2d 1934, 1936-37 (Fed. Cir. 1990), licenses showing industry respect for the invention, see *Arkie Lures, Inc. v. Gene Larew Tackle, Inc.*, 119 F.3d 953, 957, 43 USPQ2d 1294, 1297 (Fed. Cir. 1997); *Pentec, Inc. v. Graphic Controls Corp.*, 776 F.2d 309, 316, 227 USPQ 766, 771 (Fed. Cir. 1985), and skepticism of skilled artisans before the invention, see *In re Dow Chem. Co.*, 837 F.2d 469, 473, 5 USPQ2d 1529, 1532 (Fed. Cir. 1988). The Board must consider all of the applicant's evidence. See *Oetiker*, 977 F.2d at 1445 ("An observation by the Board that the examiner made a prima facie case is not improper, as long as the ultimate determination of patentability is made on the entire record."); *In re Piasecki*, 745 F.2d 1468, 1472, 223 USPQ 785, 788 (Fed. Cir. 1984).
>
> *In re Rouffet*, 47 USPQ2d 1453, 1456 (Fed. Cir. 1998).

Applicants are hereby enclosing new declarations under 37 C.F.R. §1.132 by Mr. Randall Boudouris, CEO of MagnetNotes, Inc., by Mr. Mike Nelson, Director of Sales and Marketing for Glatfelter Paper, which are provided in support of the nonobviousness of the present claims.

1. **Licenses Showing Industry Respect**

Objective evidence of nonobviousness may include commercial success, long-felt need, and ***licenses showing industry respect.*** See *In re Rouffet*, 149 F.3d at 1355, 47 USPQ2d at 1456 (1998). A license showing industry respect is ***strong evidence*** of nonobviousness (emphasis added). *WMS Gaming Inc. v. International Game Technology* 51 USPQ2d 1385, 1400 (Fed. Cir. 1999). In the latter case, IGT, presented evidence of commercial success, long-felt need, licenses showing industry respect. Several companies licensed the technology, and Bally alone paid IGT over $2 million in royalties. The licenses were found as being strong evidence of nonobviousness. *WMS Gaming Inc. v. International Game Technology* 51 USPQ2d at 1400 (1999). The patentee bears the burden of showing that a nexus exists between the claimed features of the invention and the objective evidence offered to show non-obviousness. *WMS Gaming Inc. v. International Game Technology* at 1400 (citing *Cable Elec. Prods., Inc. v. Genmark, Inc.*, 770 F.2d 1015, 1027, 226 USPQ 881, 888 (Fed. Cir. 1985)).

Applicants are enclosing herewith, a declaration of Mr. Randall Boudouris, CEO of MagnetNotes, Inc., discussing the license taken by MeadWestvaco to Applicants' U.S. Patent Application Serial No. 09/990,109, and specifically a license to the method covered by independent claim 1 of the present application.

Mr. Boudouris is considered as skilled in the art.

Glatfelter Paper, a $1.1 billion company (see paragraph no. 3 of Mr. Nelson's declaration), now holds the license to the claimed invention as a result of a series of sales which included as part of each sale, the MeadWestvaco division which held the license to Applicants'

invention. The events leading to Glatfelter's ownership of the license to the claimed invention are provided in paragraph 2 of Mr. Nelson's declaration.

On January 1, 2003, MeadWestvaco took a license to Applicants' U.S. Patent Application Serial No. 09/990,109, specifically the process covered by independent claim 1, for an initial down payment of ***$1.5 million***, and royalty payments thereafter as described in paragraph 10 of the accompanying declaration of Mr. Boudouris. The royalty payments each year have been at least about ***$1 million*** (paragraph 11 of Mr. Boudouris' declaration).

Prior to taking this license, MeadWestvaco, a highly respected global company having four principal operating business segments including packaging, paper, consumer and office products and specialty chemicals with annual sales of approximately 7½ billion dollars (see paragraph no. 2 of previously submitted Scott Morling declaration dated 12/16/2004 having a mailroom date of 1/17/2005), conducted a search of the prior art prior to entering into the agreement with MagnetNotes, Inc. See paragraph 7 of Mr. Nelson's declaration.

Based on their prior art search, and as a direct result of the unique features of claim 1, they decided that the process offered benefits that could not be gained from other currently available processes, namely, that the process recited in claim 1 allowed magnetic assemblies to be processed like paper. Based on the benefits gained and the features of the process recited in claim 1, they paid a premium for rights to use the process of claim 1. Mr. Nelson's declaration attests to the fact that they licensed the product because of the benefits offered by the claimed invention, and because the prior art did not offer such a process which would allow magnetic assemblies to be processed in this manner. See paragraph 7 of Mr. Nelson's declaration.

Applicants submit that the declarations of Mr. Nelson and Mr. Boudouris are sufficient to show a nexus between the objective evidence submitted herewith and the claimed invention.

> If a patentee makes the requisite showing of nexus between commercial success and the patented invention, the burden shifts to the challenger to prove that the commercial success is instead due to other factors extraneous to the patented invention, such as advertising or superior workmanship.

J.T. Eaton & Co. v. Atlantic Paste & Glue Co., 41 USPQ2d 1641, 1647 (Fed. Cir. 1997). The establishment of a nexus between the claimed invention and the objective evidence of nonobviousness is discussed in more detail below with respect to commercial success.

2. **Commercial Success**

Applicants are hereby submitting a declaration under 37 C.F.R. §1.132 by Mr. Mike Nelson, Director of Sales and Marketing for Glatfelter Paper, illustrating the commercial success they have enjoyed as a direct result of the benefits obtained by the features of the process of claim 1, and the increasing sales of the product made according to this process.

Mr. Nelson is considered as skilled in the art.

Since their entry into this license agreement, the sales of the product have risen dramatically over the last 4 years, by, on average, about 400 tons per year, or by about $2-3 million per year. See paragraph 14 of the accompanying declaration of Mr. Nelson. Mr. Nelson's declaration clearly shows that they believe the commercial success is due to benefits obtained directly as a result of the claimed invention, and not to any extraneous activities such as heavy promoting and advertising. In fact, based on Mr. Nelson's testimony, the dollars spent on advertising are less than average for a product launch in this industry. In Mr. Nelson's

declaration, paragraph 15, he has provided the dollars spent on advertising and promoting of the product over the last three years as being in the range of $2.5-3 million, or about $1 million per year. Furthermore, Mr. Nelson has testified that in his opinion, because the amount spent is less than average, the commercial success is due to the unique features of the process recited in claim 1 of the present application (paragraph 16 of Mr. Nelson's declaration).

The Examiner, in the Office Action mailed 4/5/2005, dismissed a previously filed declaration by Mr. Scott Morling having a mailroom date of 1/17/2005, which discussed the license agreement and the increasing sales, with the following comments:

> As to the declaration by Scott Morling, there is insufficient nexus between the statements in the declaration and the claimed invention...the fact that a corporation has licensed the process of the claimed invention does not alone provide sufficient evidence that it is the non-obviousness of the claim limitations that caused the licensing agreement...the fact that the licensed sales have tripled between the 4th quarter of 2003 and the third quarter of 2004 is insufficient evidence that the commercial success is directly derived from the claimed invention and not other factors such as heavy promoting, advertising, shift in advertising, consumption by purchasers, etc. (see MPEP § 716, 716.03).
>
> Office Action of 4/5/2005, page 18

Mr. Nelson's testimony rebuts the Examiner's argument that the commercial success of the product is derived from the unique features of the claimed invention, and is not derived from extraneous facts such as heavy promoting and advertising. ***An affidavit from the purchaser explaining that the product was purchased due to the claimed features demonstrates the nexus between the sales and the claimed invention. See In Re Huang,* 40 USPQ2d 1685, 1689-1690 (Fed. Cir. 1996).**

> When a patentee can demonstrate commercial success, usually shown by significant sales in a relevant market, and that the successful product is the invention disclosed and claimed in the patent, it is presumed that the commercial success is due to the patented invention. *Demaco Corp. v. F. Von Langsdorff Licensing Ltd.*, 851 F.2d 1387, 1392-93, 7 USPQ2d 1222, 1226-27 (Fed. Cir.

> 1988). ***If a patentee makes the requisite showing of nexus between commercial success and the patented invention, the burden shifts to the challenger to prove that the commercial success is instead due to other factors extraneous to the patented invention, such as advertising or superior workmanship.***

J.T. Eaton & Co. v. Atlantic Paste & Glue Co., 41 USPQ2d at 1647 (1997). See also *Winner International Royalty Corp. v. Wang*, 53 USPQ2d 1580, 1588 (Fed. Cir. 2000)(emphasis added).

Applicants submit that the evidence presented herewith in the form of Mr. Mike Nelson's and Mr. Randall Boudouris' declarations, is enough to establish a nexus between the license and the commercial success, and the claimed invention, and is not due to extraneous factors such as advertising.

The license and royalties when taken together with the significant sales growth illustrated in paragraph 14 of Mr. Nelson's declaration, and the fact that a less than average dollar amount has been spent on advertising and promoting as testified to in paragraph 15 and 16 of Mr. Nelson's declaration, is sufficient to establish commercial success.

3. Unexpected Results

Applicants are further hereby submitting concurrently herewith a declaration under 37 C.F.R. §1.132 by Mr. Boudouris illustrating surprising and unexpected results.

> One way for a patent applicant to rebut a prima facie case of obviousness is to make a showing of 'unexpected results,' i.e., to show that the claimed invention exhibits some superior property or advantage that a person of ordinary skill in the relevant art would have found surprising or unexpected.
>
> *In re Soni*, 54 F.3d 746, 750, 34 USPQ2d 1684, 1687 (Fed. Cir. 1995).

The surprising results are particularly relevant to the nonobviousness of claims

82-86 and will be discussed particularly with respect to these claims.

Claim 86 is a new claim directed to a unitary process of forming a magnetic assembly including the steps of providing, with an extruder, a hot melt magnetic composition having about 85% to about 95% of at least one magnetic material at an elevated temperature, directly applying this composition with a slot die head at an elevated temperature to paper, paper product or paste board at a thickness of about 50 microns to about 305 microns and subjecting the assembly to a strong magnetic field sufficient to result in a permanent magnetic effect in the assembly.

Support for this claim is found at least from claim 1, from page 2 of the specification, and from claim 55 as originally filed.

Claims 82-86 cover various embodiments in which the magnetic material is employed in amounts of about 80% to about 95% and about 85% to about 95%.

The declaration of Mr. Boudouris illustrates the magnetic strength of samples having 75% ferrite and samples having 85.95% ferrite loading, a preferred embodiment of the present specification. See for example, page 22 of the present specification.

The samples were made as set forth in paragraphs 5 and 6 of the declaration.

The testing was conducted by an independent testing company, Magnetic Instrumentation, Inc., KJS Associates Division. A report by Greg Umana, KJS Product Manager, is attached to the declaration as Exhibit A.

The testing was conducted as set forth in paragraphs 7-10 of the declaration. The testing was repeated ten times for each sample prepared.

The sample having 85.95% ferrite loading, on average, exhibited a strength of 123.2 grams higher than that of the sample having 75% ferrite loading, or, the sample having

85.95% ferrite loading exhibited 2.3 times the magnetic strength of the samples having 75% ferrite loading.

Texier, which suggests a maximum of 75%, certainly makes no suggestion that such a result may be achieved under any conditions, nor is there any suggestion from any of the other references cited by the Examiner, i.e. Korpman et al. (conventional hot melt adhesive), or Tanuma et al., Czaplicki et al. or Marshall et al. (magnetic attractant), that such a dramatic difference may be seen.

These surprising and unexpected results are sufficient to rebut a *prima facie* case of obviousness.

Applicants submit that the objective evidence of nonobviousness including the license, the commercial success and the unexpected and surprising results, when taken together, are extremely strong evidence of nonobviousness of the claimed invention.

CONCLUSION

Claims 1, 4-7, 13, 31-34, 36, 75, 79-86 are pending in the application. Applicants have addressed each of the issues in the Office Action.

Based on the foregoing, Applicants respectfully request withdrawal of the rejection of claims 1, 4-7, 13, 31, 36, 75, 79 and 80-85 have been rejected under 35 U.S.C. 103(a) as obvious over Texier (WO 00/01776 with English Equivalent US 6,881,450) in view of the coating art as a whole as exemplified by Korpman et al. (US Patent No. 4,388,349) particularly in view of Tanuma et al. (US Patent No. 4,996,110) and/or Czaplicki et al. (US Patent No. 5,985,435).

Based on the foregoing, Applicants respectfully request withdrawal of claims 1, 4-

7, 13, 31, 36, 75, 79 and 80-85 as obvious over the combination above, and further in view of Marshall et al. (US Patent No. 5,503,891).

Based on the foregoing, Applicants respectfully request withdrawal of the rejection of claims 31 and 32 under 35 U.S.C. §103(a) as obvious over the combination in the two paragraphs above, and further in view Bielek et al. (US Patent No. 6,387,485) and/or Silverschotz et al. (US Patent No. 5,869,148).

Based on the foregoing, Applicants respectfully request withdrawal of the rejection of claims 31, 32, 33, 34, 36 and 37 under 35 U.S.C. §103(a) as obvious over the combination in the three paragraphs above, and further in view of Charley (US Patent No. 6,153,279).

Based on the foregoing, Applicants respectfully request reconsideration and an early allowance of the claims as presented. In the alternative, Applicants believe the claims are in condition for appeal. Should any issues remain, the attorney of record may be reached at (952)563-3011 to expedite prosecution of this application.

Respectfully submitted,

VIDAS, ARRETT & STEINKRAUS

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